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# Community Unified Today, Inc.

May 14, 2008

Ms. Jennifer J. Johnson  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, D.C. 20551

Re: Docket No. R-1305

Dear Ms. Johnson:

I am writing to you concerning the proposed rule for amending Regulation Z pertaining to mortgage lending practices. Community Unified Today, Inc., a minority based not for profit agency, provides housing opportunities to low income families living in Ontario County in central New York State.

We have assisted over 75 low income families with federal and state grants to achieve the seemingly impossible goal of purchasing their first homes. Many of these working poor families have successfully moved out of Section 8 assistance subsidy programs and public housing projects into homeownership. The majority of these buyers have had no family history of homeownership and no traditional history of establishing credit.

Although I have tried to work with local banks in securing mortgages for my clients they have usually found one reason or another as to why they cannot give them a preapproval. Some banks are unwilling to work with grant assistance programs, others only want borrowers with excellent credit scores – since my clients frequently have no “traditional” credit history they are automatically denied. Typically this type of borrower would be left with the option of using an internet mortgage lender or a mortgage broker.

I have had the opportunity to refer my clients to an experienced and highly qualified mortgage broker, Mary Brainard, at BMC Capital in Seneca Falls, New York. Ms. Brainard has been exceptional in offering my clients the best mortgage products with the lowest interest rates and the most favorable terms. She has always been meticulous in providing accurate information up front with appropriate timely disclosures.

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*Better homes... better neighborhoods...better world.*

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As a HUD approved Housing Counseling Agency I offer mortgage default counseling to homeowners in distress and at risk of losing their homes. I can always rely on Ms. Brainard for assistance in reviewing their paperwork and identifying predatory lending practices. Her professional advice has been critical to our success.

I am very concerned that the new proposed regulations will make it quite difficult for Ms. Brainard to continue to assist my homeownership clients. Since most of them are making downpayments between 3-5% their loans would be classified as "higher cost".

It seems that instead of proposing regulations that will tie the hands of the honest lenders the Federal Reserve Bank should be proposing regulations to identify the lenders using "questionable practices". During my years as a housing counseling I have been horrified to see how many borrowers have been duped by these fraudulent practices. It is extremely frustrating to see so many lenders get away with these practices. There seems to be very little or no recourse for the borrowers.

I thank you for the opportunity to comment on the proposed regulations.

Sincerely,

Diana V. Davis  
Deputy Director

DD/dd